

Unpaid bills land stadiums' debts on the auction block

BY IAN DUNCAN
The Baltimore Sun

Scanning a list of properties that owed money to Baltimore authorities, Alexander Diener noticed something unusual — M&T Bank Stadium had an unpaid water bill of \$5,400 and the lien on the property was up for auction.

A lien on Oriole Park at Camden Yards was on the auction list, too, also for a water bill.

At Monday's online auction, Diener and a business partner snapped up the lien on the Ravens stadium. Another investor took the

\$63,500 in outstanding debt on Oriole Park. Their investments mean they have the right to take ownership of the buildings if the debts remain unpaid.

The Maryland Stadium Authority, which owns both facilities, says it had good reason for not paying the bills — it disputes their accuracy. The legal hassle it faces is likely to add to the controversy surrounding Baltimore's program of auctioning such liens, putting many owners at risk of losing their properties.

"We're clearly not the only people in See **AUCTION**, page 9



Disputed water bills end with stadium liens being auctioned

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Baltimore City that have problems with their water bills," said Thomas Kelso, the stadium authority chairman. "We're probably just a very large example of how dysfunctional it is."

The tax sale, used to collect unpaid taxes and water bills, and criticized for putting homeowners in jeopardy, has ensnared two of the city's most iconic properties. About 1,000 homes with overdue water bills also were on the auction list.

The stadium authority has ample time to pay the debts. But if for some reason it were unable to do so, the investors who own the liens could foreclose on the stadiums and take ownership of them.

Kelso said his staff had no idea the liens were going to auction. He said the authority wouldn't let ownership of the stadiums be put at further risk.

Reached by phone Monday afternoon, Diener didn't yet know his company's bid on the Ravens' stadium had been a winner. "Oh,

great," he said, when a reporter told him the news.

"We were really surprised" to see the stadium lien go to auction, Diener said.

Kelso said stadium authority officials were also caught off guard. They had been working with the city's Department of Public Works to resolve disputes about the water bill, which go back several months.

The annual tax sale process has become associated with poor homeowners in Baltimore losing their houses over relatively small tax debts or late water bill payments that quickly grow once investors start charging interest.

Because the buyers of the liens pay the city up front, officials say the auction is a useful way of bringing in revenue that might otherwise be lost. But activists have called for reforming the system because they see it as punitive, leading to even small unpaid bills snowballing and people losing their homes.

It doesn't matter how much a property is worth or how small the debt is. A few

thousand dollars was enough to send the stadium liens to auction even though they were the most valuable properties to have debts sold on Monday. M&T Bank Stadium is assessed at \$309 million and Camden Yards at \$255 million.

The owners of the liens can now begin charging 18 percent interest on the debts and in six months could go to court to try to foreclose on the properties. While the Stadium Authority should have the ability to pay, some homeowners struggle, especially once a court case is filed and lawyers' fees are piled on top of the debt.

The tax auction attracts investors of all sizes, from individuals who spend a few thousand dollars to large companies that spend millions. Diener and his business partner, Herbert Baeuerle, said they were bidding on behalf of a Swiss investment firm that is attracted to the tax lien auction in Baltimore and the prospect of a safe yet fairly lucrative investment.

Online auction records list Bill Vaughan,

doing business as Gulden LLC, as the winning bidder on the Camden Yards lien. He could not be reached for comment Monday.

In most cases, property owners pay debts before the auction, but Diener said he noticed on Friday the stadiums were still on the sale list and figured it was worth placing a bid.

Diener's company offered \$21 million for the Ravens stadium's debt — an amount they'd only have to pay if they foreclose on the property. On Monday afternoon, Diener was at Nick's Fish House in South Baltimore and hadn't checked to see what happened in the auction.

Diener and Baeuerle are from Germany. Baeuerle said that if they somehow took ownership of the stadium, they'd consider evicting the Ravens and installing a soccer team. But he doesn't expect the process to go that far.

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